

# Pensions - the basics

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Part of the Department for Work and Pensions



## Introduction

Everyone needs to plan for their retirement. People are living longer and healthier lives, so it's even more important to think about how and when to save for retirement and how long to continue working.

Pensions can be confusing and many people don't know where to begin, especially when there are so many other things to pay for. A pension is one of the most tax-efficient ways to save for retirement, because you can get tax relief on the money you pay in (see page 6).

So, with a bit of planning, you can help yourself to get ready for retirement. Making changes now can make a difference to your life in the future. The earlier you start, the better. Don't assume you have left it too late to make decisions about your pension arrangements.

This guide will help you understand the basics about pensions. These include:

- what you can get from the State (the Government) when you retire
- some of the choices you can make about your money to prepare for your retirement
- where you can get more information so you can start planning for your retirement now, and
- practical steps to help you save for your retirement.

This leaflet is only a guide and does not cover every circumstance. We have done our best to make sure the leaflet is correct as of September 2009. Some of the information may be oversimplified or may become inaccurate over time, for example because of changes to the law. We recommend that you get independent advice before making financial decisions based on this leaflet.

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Learn more from our website at:

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**You can phone us from 8am to 8pm, Monday to Friday.**

**0845 60 60 265**

## **Pensions: a note about the future**

**This section gives a brief summary of recent changes to pensions. Please also see the main part of this guide for more about these changes.**

The Pensions Act 2007, included changes to the State Pension system in the UK. In general, these changes will only affect you if you reach State Pension age on or after 6 April 2010. (State Pension age is when you can start to claim your State Pension.) These changes include:

- reducing the number of qualifying years people need to get a basic State Pension
- introducing a new system of credits that will increase the number of people entitled to a State Pension
- increasing the basic State Pension by the increase in the rate of average earnings – this will happen by the end of the next Parliament at the latest
- increasing the State Pension age from 65 to 68 between 2024 and 2046, and
- stopping people 'contracting out' of the additional State Pension when they are in defined contribution occupational personal pension schemes.

The Pensions Act 2008, introduces from 2012:

- a requirement for all employers to offer a qualifying workplace pension scheme to their workers and enrol all eligible workers into that scheme
- personal accounts, a new low-cost pension saving scheme.

The changes may affect you.

You can read more about these changes at

[www.direct.gov.uk/pensions](http://www.direct.gov.uk/pensions)

## 1 Getting started

### What is a pension and why do I need one?

A pension pays you a regular income to live on when you retire and is one of the most tax-efficient ways to save for your retirement because you can get tax relief on the money you pay in. We explain more about tax relief and pensions in section 2.

If you are a member of a private pension scheme (see page 8), the amount of pension you get when you retire depends on how the scheme works. This can include things like how long you have been a member of the scheme, how much has been paid in (contributed) over time, how the money is invested and how much you earned when you were at work. For more about how different types of private pension work, see section 2.

In the case of the State Pension, you pay money from your wages to the Government through your National Insurance contributions. In some circumstances, even if you are not working, you are treated as if you have contributed. If you have enough National Insurance contributions, you will then receive State Pension when you retire.

Everyone needs money to live on when they retire and it's really important to think about long-term savings. Your retirement could last for around a third of your life. When you are retired, you will still need to pay bills and you will want to have money to enjoy your extra leisure time.

## How can pensions help me save money for my retirement?



The State Pension will give me a start, but to have the lifestyle I want when I retire, I'll need to think about saving a bit more.



### MOST PEOPLE

The basic State Pension will give you a start.



### MANY PEOPLE

Many people are saving money with a second pension, to give them extra income when they retire. This could be the additional State Pension or an occupational, personal or stakeholder pension.



There are different types of pension:

- the State Pension – this is made up of the basic State Pension and the additional State Pension, and
- private pensions – these include occupational pensions (sometimes called work or company pensions) and personal pensions (including stakeholder pensions).

### **When should I start saving?**

Like many people, you may feel that your retirement is too far away to think about. Maybe you think you can't afford to save for the future now, when there are so many other things you have to pay for.

The earlier you start saving for your retirement, the more money you're likely to have to enjoy yourself – and pay the bills – when you retire.

### **Remember**

- Don't worry if you can only save a few pounds a week at first. The important thing is that the sooner you start, the more time you will have to save and earn interest on your savings.
- As your earnings increase, think about increasing your pension payments.
- And don't assume you have left it too late to do anything – it's always worth reviewing your pension arrangements.

## How much will I need when I retire?

The State Pension will give most people a basic income when they retire, but only you can decide the kind of lifestyle you want during retirement, and what you need to do to achieve it.

Some living costs may be lower when you retire. You may have paid off your mortgage and you may no longer have to support a family but costs, such as heating and health care may increase. Also, you may have more leisure time and the costs that may come with leisure activities.

Everyone's situation is different, and everyone has different needs. Most people base their decision about how much to save on how much they can afford to save.

These days changes to family life make working, saving, pensions and retirement less predictable. So planning for your working life and retirement is increasingly important. You may have a lot of flexibility and choice in how you work, which makes it easier to balance your working and home life. More employers now understand the advantage of employing and keeping their older workers. Visit the Pensions and retirement section of [www.direct.gov.uk](http://www.direct.gov.uk) for more about working and retirement.

## How do I know if I should save more?

To help you decide if you should start saving more for your retirement, you need to look at your finances in the following ways:

- Find out how much your State Pension might be by getting a State Pension forecast. This could help you decide whether you are saving enough for your retirement and whether you need to save more. See page 54 for details of how to get a State Pension forecast.

- If you are a member of an occupational pension scheme (sometimes called a work or company scheme – see page 29), your employer or pension provider may send you a pension statement every year. This shows how much you might get from the scheme when you retire. If you haven't had a statement, you can ask your employer or pension provider to send you one.
- If you are a member of a personal pension scheme (see page 38), your pension provider will send you a pension statement every year. This shows how much your personal pension fund is likely to be worth when you retire. If you haven't had a statement, you can ask your pension provider to send you one.
- If you think you may have one or more company or personal pensions but you don't know the full details, the Pension Tracing Service can usually trace them for you, free of charge. It can be easy to lose contact with a previous employer and their pension scheme if, for example, you have changed jobs several times through your working life. See page 55 for how to trace a lost pension.

If you don't think you will have enough money to live on when you retire, think about whether you can afford to save more by increasing your payments to an existing pension scheme. Or you could start to save in another pension scheme or look into other ways to save. See section 2 and the next page for more about how to do this.

### **Take action**

- Get a State Pension forecast. Contact The Pension Service (see page 54).
- Trace a pension, free of charge. Contact the Pension Tracing Service (see page 55).

## **Are there other ways to save?**

A pension is not the only way to save for your retirement. If you are near retirement age or you already have a private pension, you may want to look into other savings options, such as putting money into an Individual Savings Account (ISA).

This is also a very efficient way to save, as you pay no tax on the income you receive. For more about ISAs, contact HM Revenue & Customs for a copy of their ISA factsheet. This gives basic information about different types of ISA and how much you can save in each tax year. See page 56 for how to contact HM Revenue & Customs.

You may be planning to use other means to give you money to live on when you retire, for example investing in property, bonds, stocks and shares, or selling your business or home. You need to find out how much these may be worth, or how much regular income you may get from them when you retire.

You may also choose to stay in work longer. This can help you build up a better income for your retirement as well as giving you more income now. See page 48 for more about working for longer.

The Financial Services Authority have a helpline and website that gives more information about savings, investments and financial planning. See page 57 for their contact details.

## What happens when my situation changes?

Most people's lives and personal circumstances will change before they reach State Pension age.

For example, you may change your job or decide to become self-employed. Or you may not be able to work for long periods while you look after someone. Or you may be injured or unable to work through ill health.

These changes may mean you need to save more, or that you need to reduce your pension payments for a while.

Other important changes can affect the amount of money you may get. For example, you may go to live and work abroad, get married or form a civil partnership, get divorced or dissolve (legally end) your civil partnership. (A civil partnership is a formal legal arrangement with a same-sex partner, which gives similar legal rights and responsibilities to those of a married couple.)

When important changes like this happen, it's a good idea to review your pension arrangements. You can contact:

- The Pension Service for an up-to-date State Pension forecast
- the Pensions Advisory Service for information and help about both State and private pensions
- the Financial Services Authority for information and help in reviewing your pension plans and with other financial planning.

See the opposite page for how to contact these organisations.

### **Take action**

- Contact HM Revenue & Customs for more about ISAs and to get a copy of their factsheet on ISAs. See page 56 for details.
- Call the Financial Services Authority's helpline, or visit their website, to find out more about pension schemes, how to save, how to plan your finances, and how changes in your life can affect your pension. See page 57 for contact details. Also, see page 62 for details of their free guides about pensions.
- Contact the Pensions Advisory Service for information and help about both State and private pensions. See page 57 for details.
- Get help and advice from a local independent financial adviser. See page 60 to find out how.
- Contact The Pension Service to get a State Pension forecast – there are details on page 54. Also see page 61 for how to obtain The Pension Service's free leaflets about pensions.

## 2 Understanding your options

### What is the State Pension?

The State Pension is made up of:

- the basic State Pension, and
- the additional State Pension.

You may get one or both of them when you reach State Pension age. To get them, you need to have paid, been treated as having paid, or been credited with paying, certain amounts of money over a period of time. See page 16 to find out more about this.

Remember that although the State Pension will give you a basic income, you need to think about other savings too, so that you can have the lifestyle you want when you retire.

You'll find information about occupational, personal and stakeholder pensions on pages 28–47. Page 11 gives information about other ways to save.

### What is State Pension age?

The date you reach State Pension age depends on when you were born.

- If you are a woman and you were born on or before 5 April 1950, your State Pension age is 60.
- If you are a man and you were born on or before 5 April 1959, your State Pension age is 65.

For everyone born after these dates, the State Pension age is increasing.

The State Pension age for women is going to rise gradually to 65 between 2010 and 2020. If you are a woman and you were born between 6 April 1950 and 5 April 1955, the age when you reach State Pension age depends on your date of birth. From 6 April 2020, the State Pension age for women will be the same as it is for men.

From 2024, the State Pension age for both men and women will increase by one year in every decade, reaching 68 in 2046.

This change will affect anyone born on or after 6 April 1959.

However, you don't have to retire when you reach State Pension age. You can:

- continue to work even though you are claiming your State Pension, or
- put off claiming your State Pension until later. This will give you a higher weekly pension, or a one-off lump-sum payment (which you will have to pay tax on), depending on how long you put off claiming. The changes to State Pension age will not affect the age when you can claim any occupational (company) pension, personal pension or stakeholder pension you may be entitled to.

### Take action

- Find out exactly when you will reach State Pension age by using the calculator on the website [www.direct.gov.uk/spacalculator](https://www.direct.gov.uk/spacalculator). Or use the information on page 61 to order the more detailed leaflet about State Pensions. It has tables to help you work out your State Pension age.
- See page 48 to find out more about working longer and putting off your claim for State Pension.

## What is the basic State Pension?

The Government pays the basic State Pension to people who are entitled to it, have reached State Pension age and have claimed it.

You qualify for basic State Pension if you have a minimum number of years when you:

- paid enough National Insurance contributions
- were treated as paying National Insurance contributions, or
- were credited with National Insurance contributions.

See pages 19–21 for more about paying National Insurance contributions.

Most employers will take your National Insurance contributions from your wages. Your pay slip shows how much you are paying. Your employer also pays National Insurance contributions for you. If you are self-employed, you are responsible for paying your own National Insurance contributions.

If you haven't always worked and paid National Insurance contributions from your wages, you may still be able to receive National Insurance 'credits'. In certain situations, the Government may add (credit) some payments (contributions) to your National Insurance record for you, so you will still build up a State Pension for those years. These situations include periods when:

- you have been out of work
- you have not been able to work because of illness or injury, or
- you have received Carer's Allowance because you were caring for someone who was disabled.

You may also get help from Home Responsibilities Protection to protect your basic State Pension, if you are:

- caring for a child under 16 and you receive Child Benefit for that child
- caring for a disabled person, or
- an approved foster carer.

Home Responsibilities Protection does not credit you with National Insurance contributions, but it does reduce the number of years that you need to have paid contributions to get a State Pension.

From 6 April 2010, Home Responsibilities Protection will be replaced by a system of credits for parents and carers. Full years of Home Responsibilities Protection acquired before 2010 will be converted to qualifying years of credits for people reaching State Pension age on or after 6 April 2010.

### **How is my basic State Pension worked out?**

People get different amounts of State Pension. This depends on how many years they have paid or been treated as having paid National Insurance contributions, or been credited with them.

These are known as 'qualifying years'.

Because men and women have different State Pension ages at the moment, the number of qualifying years for a full basic State Pension is different for people reaching State Pension age before 6 April 2010:

- Women must normally have 39 qualifying years to get a full basic State Pension.
- Men must normally have 44 qualifying years to get a full basic State Pension.

- To get the minimum basic State Pension (25% of a full basic State Pension) you normally need 10 or 11 qualifying years, depending on your State Pension age. If you have fewer qualifying years than this, you will not normally get a basic State Pension.
- If you have Home Responsibilities Protection, the number of qualifying years you will need to get a State Pension will be reduced.

### **Changes to State Pension rules**

The rules for basic State Pension are changing for people who reach State Pension age on or after 6 April 2010.

Both men and women reaching State Pension age on or after 6 April 2010 will need only 30 qualifying years to get a full basic State Pension.

If you don't have 30 qualifying years for a full basic State Pension, each qualifying year that you do have will give you 1/30 of the full basic State Pension.

You can read more about changes to the State Pension rules at [www.direct.gov.uk/pensions](http://www.direct.gov.uk/pensions) or in the leaflet about the State Pension (see page 61 for how to order a copy).

## **Basic State Pension – the main facts**

### **When can I claim it?**

You can claim the basic State Pension up to four months before you reach State Pension age. But you don't have to retire at State Pension age and can choose to put off claiming your State Pension until later.

### **When do I get it?**

You can get the basic State Pension from State Pension age onwards as long as you have made a claim.

### **How much do I pay?**

The basic State Pension is based on the amount of National Insurance contributions you have paid (or are treated as having paid, or have been credited with).

### **How much do I get?**

If you decided to retire in the tax year 2009/10 and you qualified for a full basic State Pension on your own National Insurance contributions, you would get £95.25 a week. But if you only qualified for the minimum basic State Pension (25% of the full amount), you would get £23.81 a week.

## **How do I pay my National Insurance contributions?**

You get the basic State Pension if you have paid or are treated as having paid enough National Insurance contributions, or you have been credited with them.

- If you are in paid work and earn more than £110 in any week (for 2009/10) from one employer, you will pay National Insurance contributions from your wages.
- If you are in paid work and earn between £95 and £110 in a week (for 2009/10) from one employer, you will be treated as if you have paid National Insurance contributions.

- If you have not been able to pay National Insurance contributions (for example, if you haven't been able to work because of illness or because you have been looking after a disabled person and getting Carer's Allowance), then you may be given National Insurance credits.
- If you have been caring for children, you have been a foster carer, or you have been looking after a seriously ill or disabled person (but you are not able to get Carer's Allowance), then the number of qualifying years you need may be reduced to help increase your State Pension.
- For any period you are self-employed, you must pay National Insurance contributions to HM Revenue & Customs yourself. If you are on a low income, you may be able to apply not to pay National Insurance contributions, but HM Revenue & Customs must agree to this.
- In some situations you may be able to use your wife's, husband's or civil partner's (see page 12) National Insurance contributions to help you get a better State Pension.

### **Voluntary Class 3 National Insurance Contributions**

You may be able to pay voluntary Class 3 contributions if you have gaps in your National Insurance record. This would mean that years that would not normally be qualifying years would count towards your basic State Pension. There are time limits for paying voluntary National Insurance contributions.

Changes were introduced from April 2009.

If you reach State Pension age between 6 April 2008 and 5 April 2015 you may be able to pay additional Class 3 National Insurance contributions for up to six years from 6 April 1975, to cover years that do not currently count towards your basic State Pension.

You must already have 20 qualifying years (including years of Home Responsibilities Protection). And if you reach State Pension age before 6 April 2010, you must have one qualifying year from paid or treated-as-paid National Insurance contributions.

You must make any payment(s) for the additional years within six years of the date on which you reach State Pension age.

You cannot pay the additional contributions for any tax year the whole of which is covered by a married woman's or widow's reduced-rate election. A woman who revoked (withdrew) her election at some point in a tax year may be entitled to pay additional Class 3 National Insurance contributions for the whole of that tax year.

This new arrangement does not affect any voluntary Class 3 National Insurance contributions you may be able to pay under the usual time limits mentioned above.

You can find out more by visiting [www.direct.gov.uk/pensions](http://www.direct.gov.uk/pensions)

### **Remember**

You don't receive your State Pension automatically. You have to claim it. The Pension Service will usually send you a letter about this when you are four months away from State Pension age. If you are four months or less away from State Pension age and you have not received your letter about claiming, contact The Pension Service. You can claim over the phone or ask for a claim form to be sent to you (see page 53 for details of how to do this).

### **Take action**

- Get a State Pension forecast. Your forecast will include an estimate of the amount you can expect from your basic State Pension and from your additional State Pension when you retire. See page 54 for how to get a forecast.
- Ask The Pension Service for the leaflet about the State Pension. It has helpful information for carers and parents and people who are self-employed. To order a copy, see page 61.
- Ask The Pension Service for the leaflet about pensions for women. To order a copy, see page 61.
- Contact HM Revenue & Customs to find out more about National Insurance contributions. See page 56 for their contact details.
- To find out how to contact The Pension Service, see page 53.

### **What is the additional State Pension?**

The additional State Pension is money paid to you by the Government each week. The amount you get depends on your earnings and the National Insurance contributions paid (or are treated as being paid) during the whole of your working life. You don't have to be getting the basic State Pension to get additional State Pension.

Your additional State Pension is also called the State Second Pension. This used to be known as the State Earnings-Related Pension Scheme (SERPS).

You may get a shared additional State Pension if, after December 2000, you got divorced, your marriage was annulled or your civil partnership (see page 12) ended.

For any period you are self-employed you cannot get any additional State Pension for the National Insurance contributions you pay.

### **Changes to additional State Pension**

The rules for the additional State Pension are changing. In the future it will become a simple, single-rate, weekly top-up to the basic State Pension (based on earnings between certain limits). These changes to the additional State Pension will make it easier for you to understand how your State Pension is calculated and to estimate how much you will receive. For more about additional State Pension and future changes, see the website [www.direct.gov.uk/pensions](http://www.direct.gov.uk/pensions)

## **Additional State Pension – the main facts**

### **When can I claim it?**

You can claim the additional State Pension at the same time as you claim your basic State Pension, up to four months before you reach State Pension age. But you don't have to retire at State Pension age, and you can choose to put off claiming your State Pension and additional State Pension until later.

### **When do I get it?**

You can get the additional State Pension from State Pension age onwards as long as you have made a claim for basic State Pension.

### **How much do I pay?**

The additional State Pension is based on the amount of National Insurance contributions you have paid (or are treated as having paid), above the level needed to qualify for the basic State Pension.

### **How much do I get?**

The amount of additional State Pension you will receive depends on your earnings. The more you were earning (up to the Upper Accrual Point which is £40,040 for 2009/10), the more additional State Pension you will get. Since 2002, people who earn a low or moderate wage can also get an increased additional State Pension (a low wage is between £4,940 and £13,900 and a moderate wage is between £13,901 and £31,800).

So, if you work for an employer and you earn more than £4,940 (in 2009/10), you will be included in the additional State Pension scheme. And, in some cases, carers and people with long-term illnesses or disabilities can build up an additional State Pension, even if they are not in work. To order a leaflet about this, see page 61.

## **Are there any times when I cannot get additional State Pension?**

You cannot build up additional State Pension for any period of time when you:

- are not working (but see the section 'How much do I get?' on the previous page and above for certain exceptions)
- are self-employed
- earn less than a certain amount a year (£4,940 for 2009/10)
- have 'contracted out' of the additional State Pension (see below) and instead you pay into a personal pension, and you earn more than £13,901 (in 2009/10), or
- have 'contracted out' of the additional State Pension (see below) and instead you pay into an occupational pension scheme and you earn above £31,100 (in 2009/10).

### **Contracting out**

If you work for an employer and you earn more than £4,940 (in 2009/10), you will be included in the additional State Pension scheme. But you can choose to leave (contract out of) the additional State Pension if you think this will give you a higher income or other benefits when you retire.

If you decide to contract out, you give up some or all of your additional State Pension for that period of contracted-out employment and will build up a different pension instead.

You can do this by choosing one of the following:

- You can join your employer's contracted-out occupational pension scheme (sometimes known as a work or company pension scheme). If you do this, you will automatically be contracted out of the additional State Pension from the date you join the scheme. You and your employer will pay lower-rate National Insurance contributions.

Most or all of your second pension will then come from your employer's scheme. Your basic State Pension will not be affected.

- You can join a contracted-out personal or stakeholder pension scheme. You can choose to do this if your employer doesn't run a contracted-out occupational pension scheme, or it does run one but you don't want to join.

If you leave your job, or you decide you are unhappy with your existing occupational or personal pension arrangements, you don't have to stay contracted out.

### Should I contract out?

Contracting out is not right for everyone. Look carefully at your situation. Think about getting advice from the Pensions Advisory Service or from an independent financial adviser before you decide. See section 3 for more information and contact details. And if you are contracted out, you should review your situation regularly.

### Are you self-employed?

For any period when you are self-employed, you will not build up any additional State Pension. This is because you are paying a lower rate of National Insurance contributions. So you will not be able to contract out and you need to think about other ways to save for your retirement.

## Changes to contracting out in the future

The Pensions Act 2007 included changes to end contracting out of the State Second Pension on a money purchase (defined contribution) basis from a date to be decided later. When this happens, you will no longer be able to contract out of the State Second Pension through a personal or stakeholder pension or an occupational pension contracted out on a defined contribution basis.

You will still be able to contract out on a salary-related (defined benefit) basis. You can read more about how this may affect you in the leaflet Contracted-out Pensions. See page 61 for how to get a copy. For more about money purchase schemes, see page 30.

### Take action

Page 61 tells you how to get leaflets on the following topics from The Pension Service.

- *State pensions* – this leaflet tells you more about the additional State Pension. If you are self-employed, it will help you decide what's best for you. If you are a carer or parent, it explains how to ensure you get as much State Pension as you can in the future.
- *Contracted-out Pensions* – this leaflet is about leaving the State Second Pension.

To check if you are already contracted out, call the HM Revenue & Customs 'contracted-out pensions' helpline. See page 56 for contact details.

To find an independent financial adviser near you, see page 60.

To find out how to contact the Pensions Advisory Service, see page 57.

## **What if I want more money than my State Pension when I retire?**

The State Pension will give you a basic income when you retire, but only you can decide the kind of lifestyle you want for your retirement, and what you need to do to achieve it.

There are ways to help increase your income when you retire. You can do any or all of the following:

- make payments into a private pension (these include occupational, personal and stakeholder pensions)
- stay in work, perhaps working flexibly or part-time
- put off receiving your State Pension.

The next few pages say more about these choices to help you start planning for your retirement now.

## **What are the benefits of saving in a private pension scheme?**

There are two main benefits of saving for your retirement in a private pension scheme:

- you can get tax relief on the money you save, and
- if you work, your employer can choose to help you save more by making extra payments into your occupational or group personal pension scheme.

See page 32 for more about how tax relief works in occupational pension schemes. If you are not working, or if you are self-employed, you can still get tax relief on money you save in a personal or stakeholder pension scheme. See the example on page 37. You can also contact HM Revenue & Customs for more about tax relief. See page 56 for details.

## Remember

- No financial products, including pensions, are completely free of risk. The amount of pension you get may depend on how well the scheme has performed by the time you retire.
- Private pensions are a long-term investment. This guide gives you basic information about the choices currently available.

For more information to help you decide what's best for you, you may find it useful to contact the Financial Services Authority or the Pensions Advisory Service. Or you can get advice from an independent financial adviser (you may have to pay for their services). See pages 57 - 60 for more information and contact details.

## What is an occupational pension scheme?

An occupational pension scheme is sometimes called a work or company pension scheme. It is an arrangement an employer makes to give their staff a pension when they retire. If you don't join, you could miss out on tax relief as well as your employer's contributions towards your pension. An occupational pension is on top of any basic State Pension you may be entitled to.

There are two main types of occupational pension. Both have trustees or scheme managers to look after members' interests.

### 1 Salary-related pension schemes

These are also called defined benefit schemes or superannuation schemes.

In a salary-related scheme, the pension you get is based mainly on the number of years you belong to the scheme and your earnings. Your pension can be based on your earnings at the time you retire or leave the scheme, or your average earnings during the time you paid into the scheme. In some schemes only your basic salary counts towards your pension. But some schemes include other payments, such as overtime and bonuses.

You usually have to make payments into the scheme on top of those from your employer. On reaching the scheme retirement age, you will be able to draw a pension that the scheme will normally pay you direct, and you will have the option of taking a tax-free cash lump sum.

## **2 Money purchase pension schemes**

These are also known as defined contribution schemes.

In a money purchase scheme, any contributions that you and your employer make are invested in things like bonds and stocks and shares. How much you get when you retire depends mainly on the total amount that you and your employer have paid into the scheme, how well the investment has grown, and the age you decide to retire.

As you approach retirement many schemes will automatically switch your investments into lower-risk assets, that are less likely to be subject to short-term ups and downs in their value. This is known as lifestyling. If you don't know if this will happen to your fund, your pension scheme will be able to tell you.

When you decide to retire you may be able to take some of your pension savings (up to 25%) as a tax-free lump sum. You must then use the rest of the fund to pay for a pension, for example by the purchase of an annuity, or put it into income drawdown (see page 31 for more information).

This is why this type of occupational scheme is called a 'money purchase scheme' – when you retire, you use the money in your fund to purchase a regular income for life.

If your pension fund is below a certain amount (£17,500 in 2009/10), you may be able to take it all in cash.

### **A note about annuities**

When you decide to use your pension savings to give yourself an income, you can choose when to buy an annuity and who to buy it from. However, you will have to buy an annuity by age 75.

Different types of annuity are designed to suit different personal circumstances such as health and lifestyle, or the need to provide an income for your family or other dependants. You will need to choose an annuity that is right for you. You have the right to compare what different companies offer. Before you buy, it's important to shop around for the best deal for you.

The FSA publish free online tables with details of product costs and features and the guide: *Just the facts about your retirement – it's time to choose*. See page 57 for contact details.

You can also contact the Pensions Advisory Service who have an online tool to help you plan your annuity. See page 57 for details.

### **A note about income drawdown**

Income drawdown applies to occupational money purchase schemes, personal pension schemes and stakeholder pension schemes. Income drawdown allows you to keep your pension fund invested while drawing some income. The income you can draw is up to 120% of the yearly amount you would have got had you used the fund to buy an annuity. For

example if a fund of £100,000 were to produce an annual income of £5,000, you would be able to take a yearly income up to £6,000. Your pension provider or employer will be able to tell you if you can use income drawdown.

### **Take action**

If you are not already a member of an occupational pension scheme, find out if your employer offers this type of scheme.

If you are already a member of an occupational pension scheme, remember you may be able to increase the amount you pay into your scheme. Ask your employer for more information.

### **What are the benefits of an occupational pension?**

An occupational pension has three important benefits:

- You get tax relief on the money you pay in. This means that at the basic rate of Income Tax of 20% for 2009/10, for every £100 that goes into your pension, you will pay £20 less in tax. At the higher rate of Income Tax of 40% (for 2009/10), for every £100 that goes into your pension, you will pay £40 less in tax.
- Your employer may make payments into the scheme.
- You can get extra benefits. For example, schemes often provide a pension for your dependants if you should die before them. Check with your scheme to see if they do this and to find out what benefits they provide.

### **Take action**

You can contact your scheme for more about how tax relief works. Or you can contact HM Revenue & Customs. See page 56 for details.

## Occupational pensions – the main facts

### When do I get it?

This depends on the rules of your scheme. You will usually be able to start claiming your pension and benefits at age 60 or at age 65. Ask your employer for details if you are not sure of the retirement age for your scheme. However, you don't have to retire from all work to get an occupational pension – and in some cases you can even continue working for your employer.

### How much do I pay?

Different schemes have different rules. Usually, you pay a monthly contribution that is a percentage of your salary. You may also be able to make extra contributions if you want a larger pension fund when you retire.

### How much do I get?

The amount of pension you will get depends mainly on the type of scheme you belong to and how long you have paid into it:

- In a salary-related pension scheme, your pension depends mainly on the number of years you belong to the scheme, and what you earn.
- In a money purchase pension scheme, your pension depends mainly on how much money you and your employer have paid into your fund and how well the scheme's investments have performed by the time you retire.

Every year, your employer or scheme may send you a statement of how much pension you might get when you retire. This will help you decide if you need to save more.

If you don't get a statement every year, you can ask your employer or pension provider for one. See pages 29-30 for more about these two types of pension scheme.

### **Things to remember when you join an occupational pension scheme**

- Before you join an occupational pension scheme, check two important things. How much you will have to pay, and what contributions your employer is going to make.
- The scheme is connected to your job. So if you leave your job you need to check what will happen to your pension. Your new employer may let you transfer your pension to its own occupational scheme.
- If you decide to keep your money and benefits in your previous employer's scheme, you can still join another occupational pension scheme.
- No financial products, including pensions, are completely free from risk. For example, your employer may go out of business. Or they may decide to change or close their scheme for another reason, which could mean you get less than you expected. Also, the amount of pension you get may depend on how well the scheme has performed by the time you retire.

## Some common questions about occupational pensions

### What if I work part-time?

If you work part-time and your employer has an occupational pension scheme, you will usually be allowed to join it.

### Do I still get the additional State Pension?

If your scheme is contracted out, you will lose some or all of your additional State Pension.

### What if my employer doesn't offer an occupational pension scheme?

Currently, most companies with more than five employees have to offer you an occupational pension scheme or give you access to a stakeholder pension scheme. Or you can choose to take out a personal pension. But also see the section 'Changes to workplace pensions from 2012' on page 36.

### What happens if my employer goes out of business or the occupational pension scheme ends (known as 'winding up') for some other reason?

If your employer goes out of business or your scheme winds up (for whatever reason), there is a chance that you may get less pension than you expect when you retire.

The Government has set up two organisations:

- The Pension Protection Fund, which may pay compensation to members of defined benefit pension schemes if their employer goes out of business.
- The Pensions Regulator, which helps protect members of all work-based pension schemes.

If you think your pension scheme may wind up, it's important to understand your choices and to find out what is best for you in your situation.

### Take action

- The Financial Services Authority and the Pensions Advisory Service can give you information and help you with occupational pension schemes. See page 57 for their contact details.
- For legal or financial advice about your personal situation, you can contact a Citizens Advice Bureau (see page 59) or an independent financial adviser (see page 60).
- To find out more about the Pension Protection Fund or the Pensions Regulator, see page 58.

### Changes to workplace pensions from 2012

The rules for workplace pension schemes are changing from 2012 and will be introduced gradually.

All employers must automatically enrol all eligible workers into a qualifying workplace pension scheme (provided they are not already in such a scheme) and provide a minimum contribution. Employees can choose to leave the scheme (opt out) if they decide this is the wrong kind of pension plan for them.

A qualifying scheme is one that meets certain quality requirements set out in law.

You can read more about changes to workplace pension rules at [www.direct.gov.uk/pensions](http://www.direct.gov.uk/pensions) (The Pensions Act 2008).

Tax relief is one of the reasons many people choose a personal or stakeholder pension to help save for their future



In 2009/2010:

Anna pays £80 into her pension scheme.

The Government pays in £20.

This gives a total contribution of £100.

Anna pays tax at the basic rate. This means she pays 20p tax on every pound she earns for 2009/2010.

But, because the Government gives tax relief on money people save in a pension, she doesn't have to pay income tax on the money she has saved in her pension fund.

This means that for every £80 she saves in a personal or stakeholder pension, the Government adds an extra £20.

And, the more she saves, the more money she gets in tax relief.

## What is a personal pension?

You can buy a personal pension from lots of pension providers such as banks, life insurance companies or building societies.

A personal pension is completely personal to you, which means you can continue to pay into it if you change jobs.

It is a good idea to think about a personal pension if you:

- cannot pay into an occupational pension scheme, or you do not want to
- are self-employed, or
- are not working but you can afford to pay for a pension.

Personal pensions are money purchase schemes. These are also known as defined contribution schemes.

In a money purchase scheme, your contributions (and any contributions your employer makes) are invested for you in things like bonds and stocks and shares. How much you get when you retire depends mainly on the total amount of money you and your employer have paid into the scheme, how well the investment has grown, and the age you decide to retire.

When you retire you may be able to take some of your pension savings (up to 25%) as a tax-free lump sum. You must then use the rest of the fund to buy an annuity from an annuity provider. An annuity is a pension which is payable for life. This is why a personal pension is called a 'money purchase' scheme – when you retire, you use the money in your fund to give you a regular income for the rest of your life.

(Also see 'A note about annuities' on page 31 and 'A note about income drawdown' on page 31.)

## **What are the benefits of a personal pension?**

There are several benefits of paying into a personal pension scheme:

- You get tax relief on your contributions (the example on page 37 shows you how this works).
- You can choose to take a tax-free lump sum of up to 25% of your total pension when you retire.
- You may be able to choose the funds you invest in, if you want to.
- Other people can pay into a personal pension for you (for example your employer, your partner or other members of your family can help you save for your retirement).
- You don't need to be working to save in a personal pension scheme.

## Personal pensions – the main facts

### When do I get it?

This depends on the rules of the scheme you belong to.

The law allows you to start claiming benefits from age 50 (this rises to age 55 in 2010) but in certain circumstances you can claim benefits earlier – for example if you suffer from serious ill-health. The longer you continue to work and to pay into your scheme, the more money you are likely to get when you decide to retire. Most people choose to wait until they are 60 or 65. Remember, you don't have to retire from work to get your pension benefits.

### When do I make payments?

Usually, your pension provider will ask you to make regular, monthly payments into your personal pension. But some people, especially self-employed people, prefer to make contributions once a year.

### How much do I get?

The amount of pension depends on how much money you have paid into your fund by the time you retire and how well the scheme has performed. Every year your pension provider will send you a statement of how much your personal pension fund is likely to be worth. This will give you an idea of what you can expect to get when you retire, and will help you decide if you need to save more.

## Things to remember when choosing a personal pension scheme

Choosing a personal pension scheme is an important decision and there are many things to consider, including the following:

- Before you decide to take out a personal pension, compare the costs you will have to pay against the costs of a stakeholder pension (see page 44 for more about stakeholder pensions). Make sure the personal pension you choose is the right one for you, because you may have to pay extra charges if you decide to transfer to a different type of scheme later on.
- Find out how much the pension provider will charge you for setting up your pension and for managing it. Remember, high costs don't always mean it's a good pension.
- Find out the rules about making contributions. For example, can you increase or decrease what you pay if your situation changes?
- Find out how much you can save, and whether the pension scheme is contracted out of the additional State Pension.
- Find out how the pension provider will invest the money.

Because of all these things, it's a good idea to ask several pension providers for quotes and do some research. One place to start is the Financial Services Authority (FSA). The FSA publish lists of all the pension providers they approve, and provide information to compare different pension schemes.

You could also contact the Pensions Advisory Service for more information about personal pensions. Or you could ask an independent financial adviser to help you choose a suitable personal pension. The adviser may charge you or receive commission from the pension provider. You should check this at the start.

See pages 57 and 60 for more information and contact details.

**As with any other agreement you make about a contract, it is important to consider the advice you are given very carefully. Always read the small print before you sign or agree to anything.**

### **Group personal pensions**

Some employers may make arrangements to offer their staff the chance to buy a personal pension instead of an occupational pension. Personal pensions arranged in this way are called 'group personal pensions'. Find out if your employer has made this arrangement and if it is suitable for you.

Although some people refer to them as company pensions, they are not run by employers and you should not confuse them with occupational pensions.

Group personal pensions can have two advantages over individual personal pensions:

- your employer may pay into the scheme on your behalf, and
- your employer may have negotiated special deals with the group pension provider, such as paying reduced charges.

But if you leave your employer, it will stop paying into your pension. You may also lose any special deals that your employer has arranged for the group scheme. Find out as much as you can from your employer before you join or leave the scheme. Contact the pension provider to find out your options.

### **Take action**

- For more about personal pensions, group personal pensions, approved pension providers and annuities, contact the Financial Services Authority – see page 57.
- Contact the Pensions Advisory Service for information and help on personal pension schemes – see page 57.
- To find an independent financial adviser near you, see page 60.

## **What is a stakeholder pension?**

A stakeholder pension is a type of personal pension.

As with other types of personal pensions, the pension you get does not depend on your salary, and the money you save is put into investments for you. When you retire, you have to use this money to buy an annuity from an annuity provider. See page 30 for more about money purchase pension schemes and annuities.

A stakeholder pension may be a good choice for you if you cannot pay into an occupational pension or a personal pension scheme, or if you are self-employed or not earning.

## **What are the benefits of a stakeholder pension?**

There are some differences between stakeholder pensions and other types of personal pension:

- The charges are capped – this means there are upper limits to how much you have to pay the pension fund provider.
- There are low minimum payments.
- They are more flexible than many other private pension schemes – you can choose when to pay and how often and there are no penalties if you miss a payment.
- Other people, as well as your employer, can pay into a stakeholder pension for you. This means your partner or other members of your family can help you save for your retirement.
- You don't need to be working to save in a stakeholder pension scheme.
- You get tax relief on your contributions. The example on page 37 shows how this works.

## Stakeholder pensions – the main facts

### When do I get it?

As with personal pensions, this depends on the rules of the scheme you belong to. The law allows you to start claiming benefits from age 50 (this rises to age 55 in 2010). But in certain circumstances you can claim benefits earlier – for example if you suffer from serious ill-health.

The longer you continue to work and to pay into your scheme, the more money you are likely to get when you retire. Most people choose to wait until they are 60 or 65. Remember, you don't have to retire from work to get your pension benefits.

### How much do I pay?

One of the advantages of stakeholder pensions is that you can choose how much you pay in – and you can make payments whenever you have some spare cash. To get the most out of your pension, it is normally best to make regular payments if you can, but you can stop payments for a while if you need to and it won't cost you anything. You should remember that the less money you put into your pension scheme now, the less you will get back as income when you retire.

### How much do I get?

This depends on how much you have paid into your stakeholder pension scheme, and how well the scheme has performed by the time you retire. Your pension scheme provider will send you a pension statement every year. This will say how much your fund is worth and how much you might get when you retire, if you continue to contribute at your current level.

## Some common questions about stakeholder pensions

### Can I move to a different pension scheme?

Yes. You won't usually have to pay a fee if you want to move your stakeholder fund to another pension provider or another stakeholder pension scheme.

### Does my employer have to offer a stakeholder pension scheme?

Most companies that employ five or more people must offer their employees a chance to join a stakeholder pension scheme, unless they offer another suitable option.

### Can I still get the additional State Pension if I have a stakeholder pension?

Yes, as long as you have qualifying earnings of at least £4,940 a year (in 2009/10) and you don't use your stakeholder pension to contract out of (leave) the additional State Pension. Even if you do contract out, as long as your qualifying earnings do not exceed £13,900 (in 2009/10) you may still be able to build up some additional State Pension entitlement. This is because the additional State Pension helps those on a lower income. See page 25 for more on contracting out.

### Take action

- For more information and help about stakeholder pensions, contact the Pensions Advisory Service. See page 57 for details.
- Ask the Financial Services Authority for their factsheet 'Stakeholder pensions and decision trees'. Details are on page 62.
- Visit [www.thepensionsregulator.gov.uk/stakeholderpensions](http://www.thepensionsregulator.gov.uk/stakeholderpensions) for more about stakeholder pensions.

## **Can I save money in more than one occupational or personal pension at the same time?**

Yes. Tax rules introduced in April 2006 have made it easier to save in more than one occupational or personal pension, or in both types at the same time.

Saving in more than one pension scheme can give you flexibility and choice, but it can also mean you pay more in administration costs. What is best for you can depend on your situation, what you need when you retire and what pension savings you already have. To help you decide the best choice for you, you may find it useful to talk to an independent financial adviser. Remember, you may have to pay for their advice.

## **Is there a limit to how much I can save in a personal pension scheme?**

There is no limit on the amount of money you can save in a personal pension scheme (including stakeholder pensions) - although there are some limits on the amount of tax relief you can get. If in a tax year your annual pension savings are greater than 100% of your earnings (where they are more than £3,600) or more than £245,000 (in 2009/10), the excess contributions will not attract tax relief.

To find out more, contact HM Revenue & Customs or the Financial Services Authority. See pages 56–57 for details.

## **What if I don't want to retire at State Pension age?**

You don't have to retire when you reach State Pension age.

You can continue to work while you claim your State Pension. Or you can put off receiving your pension until later and then get more State Pension each week. If you put off getting your State Pension for at least 12 months, you can get a one-off lump-sum payment (you will have to pay tax on this).

Working for longer can help you build up a better income for when you retire, as well as giving you more money now.

People are living longer now, which makes it more important than ever to plan ahead for your future.

You could also think about different options for your retirement.

You may not want to retire from work completely – you may want to work part-time, change jobs or have less responsibility.

You need to think about which options are best for you and which ones help to give you the income you want, before and after you retire.

From 6 April 2010, it will no longer be possible to claim an increase of your State Pension for another adult who depends on you financially. If you put off your State Pension claim until on or after 6 April 2010, you will not be able to claim an increase for them when you finally claim your State Pension. Contact The Pension Service for more about these changes, see page 53 for details.

### Take action

- Ask for a leaflet about how to get extra State Pension or a lump-sum payment, also known as 'State Pension deferral'.
  - Ask for the leaflet for people over 50. It tells you about working longer. It also tells you about the help and advice you can get from the Government and voluntary organisations if you're over 50. It includes information about looking for work, changing jobs and learning new skills.
- See page 61 to find out how to get copies of these leaflets.

### Pension Credit – are you 60 or over?

In certain circumstances, when you retire you may be able to get Pension Credit or another income-related benefit. This is extra money to top up your pension, and the amount you get depends on your household income and other savings.

If you or your partner are aged 60 or over, you will probably get Pension Credit if the money you have coming in is less than £130.00 a week if you are single, or £198.45 a week if you have a partner (2009/10). These amounts may be more for people who are caring for someone, who is severely disabled, or who are responsible for certain housing costs such as mortgage interest repayments.

If you are 65 or over, you may get extra money if you have saved some money towards your retirement, such as savings or a second pension. From 2010, the age from which people can get Pension Credit will gradually increase in line with the State Pension age, which will become 65 for women as well as men by 2020.

### Take action

There's more about this in our leaflet about Pension Credit – see page 61 for details.

### 3 What should I do next?

There are a number of things you can do now to start planning for your retirement.

- Work out your State Pension age (page 53 explains how). Recent changes to the State Pension system may affect the age from which you can start to claim State Pension.
- Find out how much State Pension you may get by asking for a forecast (see page 54). This will give you an idea of what you can expect to receive at State Pension age. It will also help you decide if you are currently saving enough for your retirement.
- If you don't already belong to an occupational pension scheme, ask your employer for information about the scheme they offer and think about whether it is right for you.
- If your employer doesn't provide an occupational pension, consider talking to an independent financial adviser to find out which personal or stakeholder pension would be right for you. You may have to pay for their advice.
- If you are already a member of an occupational pension scheme, your employer or pension provider may send you a pension statement every year. This shows how much you might get from the scheme when you retire. If you haven't had a statement, ask your employer or pension provider to send one.
- If you are already a member of a personal pension scheme, your pension provider will send you a pension statement every year. This shows how much your personal pension fund is likely to be worth when you retire. If you haven't had a statement, ask your pension provider to send one.

- If you are self-employed and you don't already have a second pension, consider talking to an independent financial adviser to find out which personal or stakeholder pension would be right for you. You may have to pay for their advice.
- If you think you may have lost touch with your company or personal pensions because you changed jobs or the company changed its name, contact the Pension Tracing Service. It may be able to help you to trace your pension, free of charge. See page 55 for details.
- If you or your partner are aged 60 or over and you have a low income, check to see if you qualify for Pension Credit.

## Useful contacts

This section includes the contact details of some organisations you may find useful.

### Call charges

Charges correct as of the date on the back of this leaflet.

Calls to **0800** numbers are free from BT land lines but you may have to pay if you use another phone company or a mobile phone, or if you are calling from abroad.

Calls to **0845** numbers from BT land lines should cost no more than 4p a minute with a 9p call set-up charge. You may have to pay more if you use another phone company or a mobile phone, or if you call from abroad.

Calls to **0870** numbers from BT land lines should cost no more than 8p a minute with a 9p call set-up charge. You may have to pay more if you use another phone company or a mobile phone, or if you call from abroad.

Calls to **03** numbers from BT land lines should cost no more than 5p a minute with a 9p call set-up charge. However, calls to 03 numbers are usually included in the cost of any call plan you may have, so ask your service provider if you will be charged for those calls.

Calls from mobile phones can cost up to 40p a minute, so check the cost of calls with your service provider.

You can ask our operator to call you back – just give them your phone number.

### Textphones – if you have speech or hearing difficulties

Our textphone numbers are for people who cannot speak or hear clearly. If you don't have a textphone, you could check if your local library or Citizens Advice Bureau has one.

Textphones don't receive text messages from mobile phones.

## How to contact The Pension Service

The Pension Service is part of the Department for Work and Pensions. It has been set up to provide a dedicated service for today's pensioners and future pensioners. You can talk to The Pension Service about your State Pension, Pension Credit and other entitlements. Or you can ask them what you can expect when you reach State Pension age.

Phone: **0845 60 60 265** (or **0845 60 60 275** if you speak Welsh and live in Wales)

Textphone: **0845 60 60 285** (or **0845 60 60 295** if you speak Welsh and live in Wales)

Lines are open from 8am to 8pm, Monday to Friday.

Website: [www.direct.gov.uk/pensions](http://www.direct.gov.uk/pensions)

## Claiming State Pension

You don't receive your State Pension automatically. You have to claim it. The Pension Service will usually send you a letter about this when you are four months away from State Pension age. If you are four months or less away from State Pension age and you have not received your letter about claiming, contact The Pension Service. You can claim over the phone or ask them to send you a claim form (see the section above for contact details).

## Work out your State Pension age

Find out the exact date when you will reach State Pension age by using the calculator on the website at [www.direct.gov.uk/spacalculator](http://www.direct.gov.uk/spacalculator). Or order the State Pensions leaflet, which contains tables to help you work out your State Pension age. See page 61 for how to do this.

## How to get a State Pension forecast

There are three ways you can get a forecast.

You can get a State Pension forecast online. Before you get a forecast online you will need to register with the Government Gateway and enrol for the State Pension forecast e-service.

Visit the website [www.direct.gov.uk/pensionforecast](http://www.direct.gov.uk/pensionforecast) and follow the State Pension forecasting link.

But if you are a widow, widower or a surviving civil partner, do not use the website to get a forecast. Use one of the other methods below.

- You can ring the State Pension Team on **0845 3000 168** and they will take your application over the phone. Lines are open 8am to 8pm Monday to Friday and 9am to 1pm on Saturday. For security and quality purposes your call may be monitored and recorded.
- In writing – you can fill in and return an application form (BR19). There are two ways to do this:
  - Download the form from [www.direct.gov.uk/pensions](http://www.direct.gov.uk/pensions), print it out, fill it in by hand and return it by post.
  - Download the form and fill it in on your own computer, print it out and return it by post.

Please check that you have answered all the questions that apply to you. Sign and date the form. Send it to the address overleaf.

If you need help filling in the form, please phone the State Pension Forecasting Team on the number on the previous page, or write to them at:

State Pension Forecasting Team  
The Pension Service  
Room TB201  
Tyneview Park  
Whitley Road  
Newcastle upon Tyne NE98 1BA.

If you have speech or hearing difficulties, you can contact them using a textphone on **0845 3000 169**. Or you can use the BT text-direct service by dialling **18001** followed by the textphone number.

It will take an average of 10 working days to prepare your forecast from the date the State Pension Forecasting Team receives your form.

### How to trace a lost pension

You can ask for a free pension trace by contacting the Pension Tracing Service.

Website: [www.direct.gov.uk/pensions](http://www.direct.gov.uk/pensions)

Phone: **0845 6002 537** (lines are open 8am to 6pm)

Textphone: **0845 3000 169**

Or write to:

Pension Tracing Service  
The Pension Service  
Tyneview Park  
Whitley Road  
Newcastle upon Tyne NE98 1BA.

## **How to contact HM Revenue & Customs**

HM Revenue & Customs are responsible for collecting taxes, including National Insurance contributions, as well as paying tax credits and Child Benefit.

Phone: **0845 302 1479**

Lines are open 8am to 5pm, Monday to Friday.

Website: **[www.hmrc.gov.uk](http://www.hmrc.gov.uk)**

**For information about Individual Savings Accounts (ISAs)**

Phone: **0845 604 1701**

Lines are open 8.30am to 5pm, Monday to Thursday, and 8.30am to 4.30pm on Friday.

Website: **[www.hmrc.gov.uk/isa/index.htm](http://www.hmrc.gov.uk/isa/index.htm)**

**For information about contracted-out pensions**

Phone: **0845 9 150 150**

Lines are open 8am to 5pm, Monday to Friday.

Website: **[www.hmrc.gov.uk/nic/cosr-schemes.htm](http://www.hmrc.gov.uk/nic/cosr-schemes.htm)**

(You will need to quote your National Insurance number.)

## **How to contact DirectGov**

The DirectGov website has the widest range of Government information and services in one place. As well as links to Government departments, the site has links to other organisations that can offer you advice and support – including information about pensions, money and tax.

Website: **[www.direct.gov.uk](http://www.direct.gov.uk)**

## **How to contact the Financial Services Authority (FSA)**

The FSA were set up by the Government to regulate financial services and protect your rights. Their MoneyMadedclear information gives you just the facts about financial products and services to help make money matters clearer for you. No selling. No jargon. Just the facts.

Phone: **0300 500 5000** (consumer helpline)

Textphone: **18001 0300 500 5000**

Lines are open 8am to 8pm Monday to Friday, 10am to 6pm Saturday and 11am to 5pm on Sunday.

Website: **[www.moneymadeclear.fsa.gov.uk](http://www.moneymadeclear.fsa.gov.uk)** for more about pensions and other financial matters.

Visit **[www.fsa.gov.uk/pages/register](http://www.fsa.gov.uk/pages/register)**, which lists the financial services firms that the FSA have authorised to do business in the UK.

## **How to contact the Pensions Advisory Service**

The Pensions Advisory Service is an independent not-for-profit organisation that provides free information and guidance on the whole range of pensions including the State Pension and occupational, personal and stakeholder schemes. It can also help you if you have a problem, complaint or dispute with your occupational or private pension provider.

Phone: **0845 601 2923**

Lines are open 9am to 5pm, Monday to Friday.

Website: **[www.pensionsadvisoryservice.org.uk](http://www.pensionsadvisoryservice.org.uk)**

The Pensions Advisory Service  
11 Belgrave Road  
London SW1V 1RB.

## How to contact the Pension Protection Fund

The Pension Protection Fund can pay compensation to members of eligible defined benefit pension schemes, if there is a 'qualifying insolvency event' in relation to the employer and if there are not enough assets in the pension scheme to pay benefits at the level of the compensation that the Pension Protection Fund would provide.

Website: [www.pensionprotectionfund.org.uk](http://www.pensionprotectionfund.org.uk)

Knollys House  
17 Addiscombe Road  
Croydon  
Surrey CR0 6SR

Phone: **0845 600 2541**

Textphone: **0845 600 2542**

Fax: **0208 633 4910**

Email: [information@ppf.gsi.gov.uk](mailto:information@ppf.gsi.gov.uk)

## How to contact the Pensions Regulator

The Pensions Regulator is the UK regulator of work-based pension schemes. It protects the benefits of members and promotes good administration of work-based pension schemes. It aims to reduce the risk of situations arising that may lead to claims for compensation from the Pensions Protection Fund.

Website: [www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)

### Customer support

Phone: **0870 6063636**

Lines are open 9am to 5.30pm, Monday to Friday.

Fax: **0870 2411144**

Email: **[customersupport@thepensionsregulator.gsi.gov.uk](mailto:customersupport@thepensionsregulator.gsi.gov.uk)**

### General office enquiries

**01273 811800**

Or write to:

The Pensions Regulator  
Napier House  
Trafalgar Place  
Brighton BN1 4DW.

### How to contact Citizens Advice

The Citizens Advice service helps people sort out their legal, money and other problems by providing free, independent and confidential information and advice. They will be able to tell you more about the different types of pension there are available.

You can find your nearest office by visiting their website at **[www.citizensadvice.org.uk](http://www.citizensadvice.org.uk)** or by looking in your local phone book.

There are also many other similar local services that provide information and advice about money. See the 'Information services' section in your local Yellow Pages.

## How to find an independent financial adviser

IFA Promotion, the Personal Finance Society and the My Local Adviser website can help you find financial advisers in your area who specialise in planning for your retirement and pensions.

If you decide to get advice from an independent financial adviser, you will have to pay the adviser a fee for their services, or pay indirectly through commission (the payment that financial advisers get from the product provider for each sale they make).

Your financial adviser will give you a document explaining their services and charges before they give you any financial advice. You should always ask for details of what pensions your adviser can offer and how much you will have to pay in fees or commission.

### IFA Promotion

Website: [www.unbiased.co.uk](http://www.unbiased.co.uk)

### The Personal Finance Society

Website: [www.thepfs.org](http://www.thepfs.org)

You can also visit:

[www.mylocaladviser.co.uk](http://www.mylocaladviser.co.uk)

## Useful publications

The Pension Service publishes a series of free leaflets about pensions. You can order them by calling **0845 7 31 32 33** or by visiting **[www.direct.gov.uk/pensions](http://www.direct.gov.uk/pensions)**. These leaflets cover the following topics:

- State Pensions
- Pension Credit
- Pensions for women
- Contracted-out pensions
- How to get extra State Pension or a lump-sum payment (also known as State Pension deferral)
- Information for the over 50s – a practical guide to the advice, services and support you can get from the Government and voluntary organisations for people over 50.

You can get these more detailed free guides about pensions from the Financial Services Authority:

- 'Retiring soon'
- 'Retirement options'
- 'Managing in retirement'
- 'Your pension – it's time to choose'
- 'Your retirement options – income withdrawal'
- 'Stakeholder pensions and decision trees'
- 'The State Second Pension (formerly SERPS) – should you be contracted out?'
- 'Pension transfers – the risks of salary-related occupational pension transfers', and
- 'Important information about your yearly pension statement'.

To order copies of these guides call the FSA consumer helpline on **0300 500 5000**, or visit their website **[www.moneymadeclear.fsa.gov.uk](http://www.moneymadeclear.fsa.gov.uk)**

We recommend that you consider your own situation carefully and look for more information about the choices you are considering. You can read more leaflets from The Pension Service or see the website [www.direct.gov.uk/pensions](https://www.direct.gov.uk/pensions). You can also contact some of the other organisations mentioned in this guide, which can provide guidance and advice. You can find a list of contact details in section 3.

## Important information about this leaflet

This leaflet is only a guide and does not cover every circumstance. We have done our best to make sure the leaflet is correct as of September 2009. Some of the information may be oversimplified, or may become inaccurate over time, for example because of changes to the law. We recommend that you get independent advice before making financial decisions based on this leaflet.

### The leaflet is available in Welsh and other formats:

phone **0845 7 31 32 33**.

If you can't speak or hear clearly, you can order our leaflets from our textphone service on **0845 604 0210**.

You can also see this leaflet on the internet, at **[www.direct.gov.uk/tpsleaflets](http://www.direct.gov.uk/tpsleaflets)**

We're always looking for ways of improving the information we provide, so we would welcome any comments and suggestions you have. Please email them to us at: **[leaflet.feedback@dwp.gsi.gov.uk](mailto:leaflet.feedback@dwp.gsi.gov.uk)**

However, we can't answer any questions about benefits from this email address.

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